



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO. 1047

DATE: August 30, 2011

TO: Iowa Medicaid Nursing Facility and Hospice Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Nursing Facility Rates Effective July 1, 2011

Current regulations require the IME to rebase nursing facilities every two years. Effective July 1, 2011, nursing facility rates will be based on Financial and Statistical Reports for the fiscal year ended during calendar year 2010. Base year costs will be inflated based on the Total Skilled Nursing Facility Market Basket. The inflation factor shall be adjusted to ensure estimated expenditures do not exceed amounts appropriated by the legislation.

In order to apply the changes in the inflation factor a State Plan Amendment must be approved by the Centers for Medicare and Medicaid Services (CMS). Therefore, your facility will continue to be paid at the April 1, 2011, rate until the Department of Human Services (DHS) receives notification from CMS that the State Plan Amendment has been approved. At that time, the July 1, 2011, rate will be entered into the Medicaid claims processing system and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2011. Your facility's remittance will include the adjustment reflecting the rate change retroactive to July 1, 2011.

Currently, there are still Financial and Statistical Reports under review. As soon as these cost reports have been reviewed your per diem rate worksheet for the rate effective date of July 1, 2011, will be sent to your facility. This will allow you to compare your July 1, 2011, rate to your April 1, 2011, and begin making any necessary arrangements if the mass adjustment would result in an overpayment to be owed to the state.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at 866 863-8610, locally in Des Moines at 515-256-4610, or by email at costaudit@dhs.state.ia.us.